

Message Text

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72

ACTION EB-11

INFO OCT-01 ARA-16 ISO-00 GSA-02 SPC-03 AID-20 NSC-10

RSC-01 CIEP-02 TRSE-00 SS-15 STR-08 OMB-01 CEA-02 L-03

H-03 INT-08 CIAE-00 FRB-02 INR-10 NSAE-00 XMB-07

OPIC-12 LAB-06 SIL-01 TAR-02 DODE-00 PA-03 USIA-15

PRS-01 DRC-01 /166 W

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R 031500Z OCT 73

FM AMEMBASSY BUENOS AIRES

TO SECSTATE WASHDC 3799

INFO USDOC WASHDC

LIMITED OFFICIAL USE BUENOS AIRES 7243

E.O. 11652: N/A

TAGS: EIND, ETRD, AR

SUBJECT: ARGENTINE REQUEST FOR ADDITIONAL SUPPLIES OF FERROUS
SCRAP

REF: BA 6815; BA-6576

1. ON TUESDAY SEPTEMBER 25, MR RAUL ONDARTS, PRESIDENT OF
TALLERES METALURGICOS SAN MARTIN S.A. (TAMET), AND TWO ASSO-
CIATES REPRESENTING THE ARGENTINE STEEL INDUSTRY, VISITED THE
EMBASSY TO REITERATE THE ARGENTINE CASE FOR ADDITIONAL SCRAP
IMPORTS FROM THE U.S. DURING THE REMAINDER OF CY 1973. THEY
INDICATED THAT THEIR IMPORT NEEDS FOR THE SECOND HALF OF 1973
REMAINED AT APPROXIMATELY 213-223 THOUSAND TONS OR 100-110
THOUSAND TONS MORE THAN THE SUM OF THE ORDERS APPROVED TO DATE
BY USDOC. THE RAPID EXPANSION OF THE CAPACITY OF SEMI-INTE-
GRATED STEEL PLANTS FOR THE PAST YEAR WAS GIVEN AS THE PRIN-
CIPAL REASON FOR THE SUBSTANTIAL INCREASE IN REQUIREMENTS.
ONDARTS AND COMPANY POINTED OUT THAT TO THE EXTENT THE SCRAP
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WAS UNAVAILABLE FROM THE U.S., CAPACITY WOULD REMAIN IDLE AND

EMPLOYMENT WOULD BE AFFECTED. GIVEN THE RELATIVELY SMALL ADDITIONAL TONNAGE REQUIRED, ONDARTS SAID HE HOPED THE U.S. GOVERNMENT WOULD BE ABLE TOMAKE AN EXCEPTION IN THE CASE OF ARGENTINA IN A SPIRIT OF FRIENDSHIP AND COOPERATION. HE ALSO EXPRESSED CONCERN ABOUT MEETING REQUIREMENTS FOR CALENDAR YEAR 1974, ESTIMATED AT BETWEEN 600-700 THOUSAND TONS.

2. AFTER REVIEWING THE DOMESTIC PRICE PRESSURE PROBLEM WHICH HAD COMPELLED THE U.S. GOVERNMENT TO RESTIRCT SCRAP EXPORTS, EMBOFFS ASKED WHETHER THE POSSIBILITY OF PURCHASING U.S. SHIPS FOR SCRAP HAD BEEN EXPLORED. THE VISITORS REPLIED THAT THIS ALTERNATIVE WAS NOT SATISFACTORY IN THE SHORT RUN BECAUSE OF THE TIME LAG INVOLVED IN PURCHASING AND RECEIVING SUCH VESSELS AND THE LIMITED CAPACITY OF ARGENTINE FACILITIES FOR SCRAPPING THEM. IN REPLY TO A QUESTION ABOUT DELAYS IN REQUESTING LICENSING AND SHIPPING OF USDOC-APPROVED ORDERS FOR JULY AND AUGUST 1973, OUR VISITORS ASSURED US THAT THE PROBLEM WAS BEING RESOLVED. THEY NOTED THAT THE PRINCIPAL DIFFICULTY IN THIS REGARD WAS SECURING SHIPPING. ON BEING QUERIED ABOUT THE IMPACT OF THE SHIPPING PROBLEM ON THE INDUSTRY'S ABILITY TO FIND TRANSPORT FOR THE ADDITIONAL TONNAGE THEY WERE SEEKING, THEY GEVE ASSURANCE THAT THIS PROBLEM TOO COULD BE SOLVED.

3. COMMENT: THE VISIT YIELDED NOTHING NEW IN TERMS OF THE ARGENTINES' ARGUMENTS. IT DOES, HOWEVER, GIVE EMPHASIS TO THE INDUSTRY'S CONCERN OVER U.S. SCRAP EXPORT LIMITATIONS. WHILE EMBASSY HAS NOT UNCOVERED ANY FACTS TO DATE WHICH ALTER OUR JUDGEMENTS ON ISSUE OF ARGENTINE NEEDS FOR SCRAP, AS EXPRESSED REFTELS, IT OBVIOUSLY WOULD BE BENEFICIAL TO GENERAL GOA-USG RELATIONS IF WE COULD BE MORE FORTHCOMING IN MEETING ARGENTINE REQUEST FOR ADDITIONAL SUPPLIES. ARGENTINES HAVE DEFINITE DOMESTIC USE FOR ADDITIONAL SUPPLIES AND ARE NOT INVOLVED IN SPECULATING WITH THE COMMODITY AS ARE SOME OTHER NATIONS. ADDITIONAL SUPPLY REQUESTED IS, AS ARGENTINES THEMSELVES HAVE STATED, MINIMAL IN TERMS OF U.S. GLOBAL EXPORTS. DECON 10-2-74.
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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: n/a
Control Number: n/a
Copy: SINGLE
Draft Date: 03 OCT 1973
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: collinp0
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1973BUENOS07243
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: n/a
From: BUENOS AIRES
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1973/newtext/t19731054/aaaabnyh.tel
Line Count: 98
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: BA 6815; BA-6576
Review Action: RELEASED, APPROVED
Review Authority: collinp0
Review Comment: n/a
Review Content Flags:
Review Date: 15 JAN 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <15-Jan-2002 by shawdg>; APPROVED <20 FEB 2002 by collinp0>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: ARGENTINE REQUEST FOR ADDITIONAL SUPPLIES OF FERROUS SCRAP
TAGS: EIND, ETRD, AR
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005